

## Message Text

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APPROVED BY EB: P H BOEKER

EUR/WE: E M ROWELL

TREAS: P O'CONNELL

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P 022217Z JUN 77

FM SECSTATE WASHDC

TO AMEMBASSY BERN PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY CARACAS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

AMEMBASSY DUBLIN PRIORITY

AMEMBASSY THE HAGUE PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY STOCKHOLM PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY VIENNA PRIORITY

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ALSO FOR USOECD, USEEC

E.O. 11652: N/A

TAGS: EFIN

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SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: (A) STATE 117741, (B) STATE 100831, (C) STATE 125134

1. THE UNITED STATES IS PROPOSING A SECOND MEETING OF COUNTRIES INTERESTED IN PROVIDING FINANCIAL ASSISTANCE TO PORTUGAL. ACTION POSTS EXCEPT OECD PARIS ARE REQUESTED TO DE-

LIVER A DIPLOMATIC NOTE EMBODYING THE CONTENTS OF PARAGRAPHS TWO THROUGH FOUR BELOW TO HOST GOVERNMENT OR ORGANIZATION. COPY OF NOTE SHOULD BE PROVIDED TO FINANCE AS WELL AS FOREIGN MINISTRY. PLEASE PROVIDE APPROPRIATE COMPLIMENTARY OPENING AND CLOSING STATEMENTS. SUBSTANCE OF NOTE SHOULD READ AS FOLLOWS:

2. QUOTE: THE MEETING IN PARIS ON MAY 16 OF COUNTRIES INTERESTED IN BALANCE OF PAYMENTS ASSISTANCE FOR PORTUGAL REACHED GENERAL AGREEMENT ON THE MAGNITUDE OF PORTUGAL'S FINANCING REQUIREMENTS OVER THE NEXT 18 MONTHS AND THE ESSENTIAL CHARACTERISTICS OF LOANS TO ADDRESS PORTUGAL'S REQUIREMENTS WITHIN A FRAMEWORK OF COORDINATED, BILATERAL BALANCE OF PAYMENTS ASSISTANCE. PARTICIPANTS ALSO AGREED ON THE DESIRABILITY OF HOLDING A SECOND MEETING IN LATE JUNE TO CONCLUDE DISCUSSIONS OF THE ASSISTANCE EFFORT AND TO PROVIDE EACH OTHER WITH FULLER INFORMATION ON THEIR GOVERNMENT'S INTENTIONS.

3. BECAUSE THE UNITED STATES UNDERSTANDS THAT THE (FILL IN NAME OF GOVERNMENT OR ORGANIZATION) HAS A CONTINUED INTEREST IN ASSISTANCE FOR PORTUGAL, THE GOVERNMENT OF THE UNITED STATES WISHES TO INVITE THE (FILL IN NAME OF GOVERNMENT OR ORGANIZATION) TO ATTEND SUCH A MEETING BEGINNING AT 3 P.M. ON JUNE 22 AT WORLD BANK/INTERNATIONAL MONETARY FUND HEADQUARTERS IN PARIS. IT IS HOPED THAT AT THIS MEETING ARRANGEMENTS FOR THE INTERNATIONAL ASSISTANCE EFFORT MIGHT BE CONCLUDED. THIS INVITATION IS BEING EXTENDED TO ALL GOVERNMENTS AND ORGANIZATIONS WHICH PARTICIPATE IN LIMITED OFFICIAL USE

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PATED IN THE MAY 16 MEETING.

4. AN EARLY EXPRESSION OF (FILL IN NAME OF GOVERNMENT OR ORGANIZATION) INTENT TO PARTICIPATE IN THE MEETING WOULD BE APPRECIATED. END QUOTE.

5. FOR OECD PARIS. SO THAT THE OECD MAY BE KEPT INFORMED OF PROGRESS OF INTERNATIONAL EFFORTS ON BEHALF OF PORTUGAL, PLEASE INVITE THE OECD TO SEND AN APPROPRIATE OBSERVER AT A POLITICAL LEVEL.

6. ADDED BACKGROUND FOR USE

ON AN IF ASKED BASIS: (A) AT THE MAY 16 MEETING IT WAS TENTATIVELY AGREED -- AD REFERENDUM TO GOVERNMENTS -- THAT THE NEXT MEETING WOULD BE JUNE 22 OR 25. WE PREFER JUNE 22. (B) IF HOST COUNTRIES ASK ABOUT RECENT PRESS REPORTS THAT U.S. CONGRESS MAY NOT APPROVE PROPOSED U.S. ASSISTANCE TO PORTUGAL, INDICATE THAT PRESS REPORTS ARE NOT REPEAT NOT ACCURATE, DRAWING ON REFTEL C. DURING ITS MARK-UP LAST WEEK OF THE FY-78 FOREIGN ASSISTANCE APPROPRIATION BILL,

THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS DEFERRED CONSIDERATION OF THE 300 MILLION DOLS ADMINISTRATION REQUEST FOR PORTUGAL UNTIL IT COULD HOLD A HEARING ON THE SUBJECT. THE SUBCOMMITTEE HAS CONFIRMED THAT THE HEARING WOULD BE HELD DURING THE WEEK OF JUNE 6. OUR SOUNDINGS INDICATE STRONG SUPPORT ON THE SUBCOMMITTEE FOR APPROPRIATION OF THE 300 MILLION DOLS FOR PORTUGAL. CONSEQUENTLY WE EXPECT THE SUBCOMMITTEE TO RECOMMEND THAT THE FULL COMMITTEE INCLUDE THIS AMOUNT IN THE FOREIGN ASSISTANCE BILL. POSTS SHOULD EMPHASIZE THAT THE ADMINISTRATION IS CONFIDENT THAT THE FUNDS WILL BE AUTHORIZED AND APPROPRIATED BY THE CONGRESS. VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 STATE 117741, 77 STATE 100831, 77 STATE 125134  
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**Review Markings:**  
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